

**Top Secret**



# **National Intelligence Bulletin**

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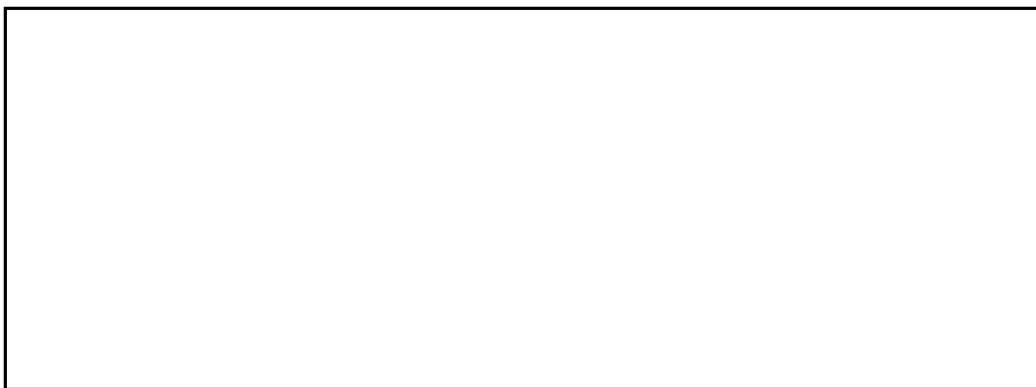
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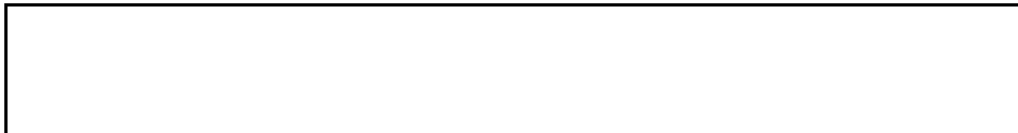
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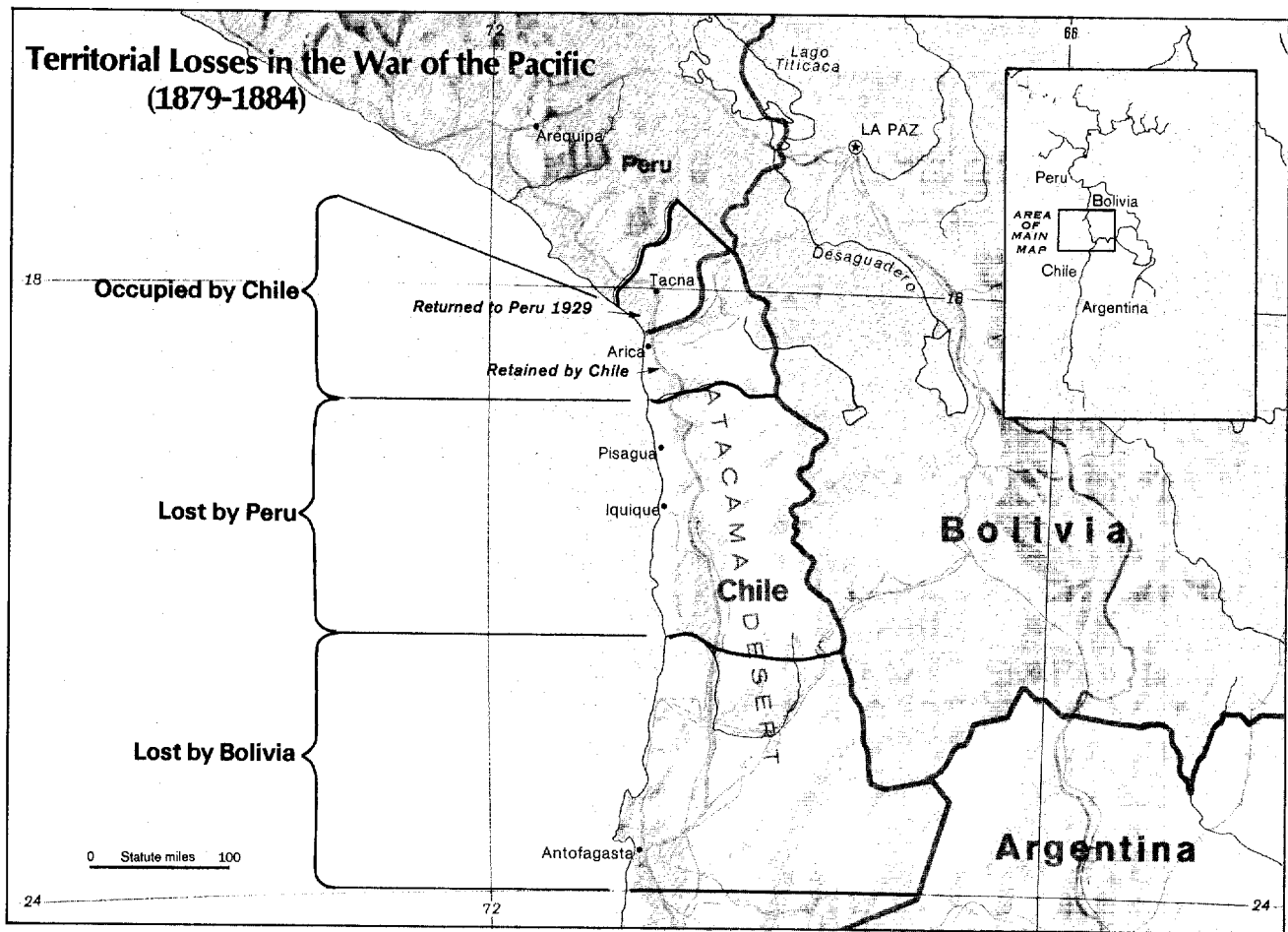
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### BOLIVIA-PERU-CHILE

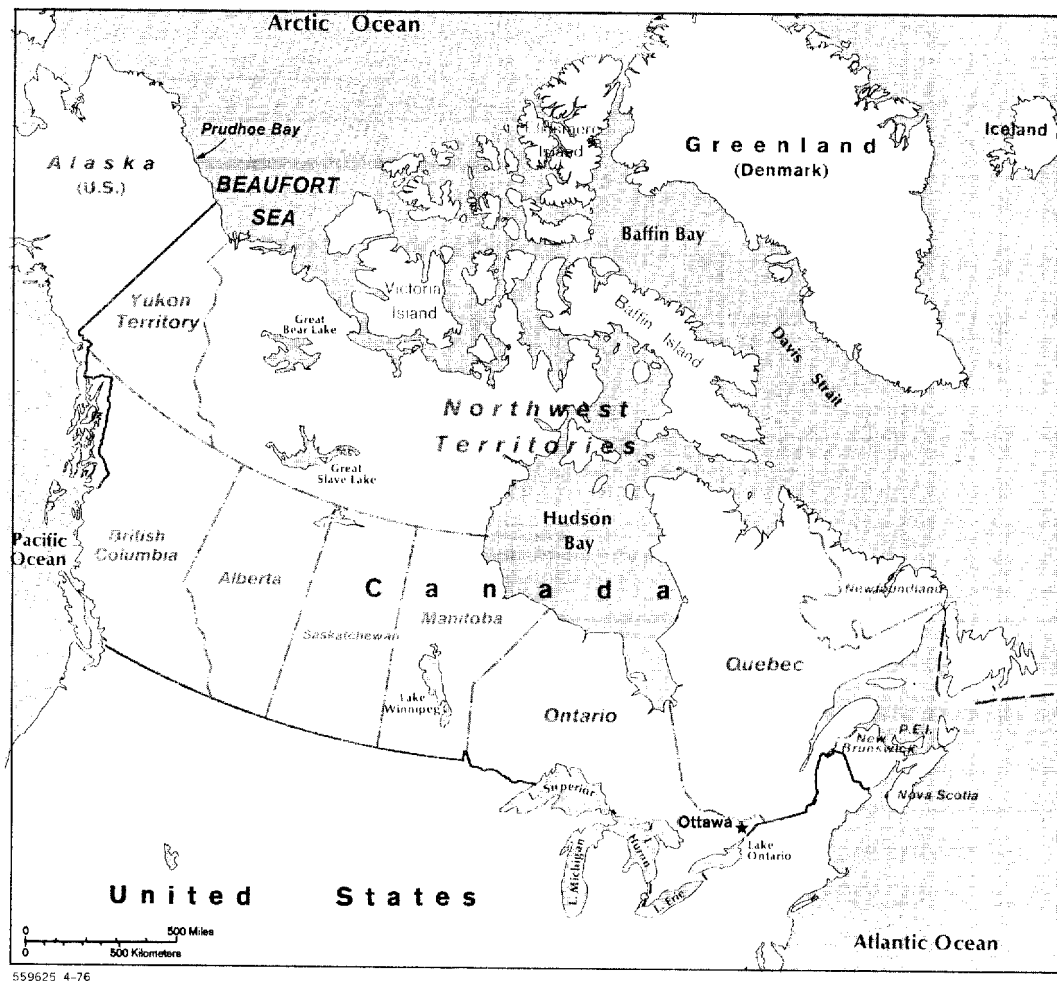
Formal talks between Peru and Chile about giving Bolivia an outlet to the sea are scheduled to begin today. Despite expressions of goodwill by both countries, political constraints militate against any territorial concession to La Paz.

The proposed corridor would parallel Chile's northern border through territory that Peru lost to Chile in the War of the Pacific a century ago but that Chile cannot give away without Peruvian consent. This restriction, plus the impracticality of building a port north of Arica because of the terrain, suggests that Chilean President Pinochet's offer last December 15 to grant Bolivia a 15-kilometer-wide corridor to the sea was an empty one.

Peruvian President Morales Bermudez' apparent willingness to acquiesce in a Bolivian corridor is tempered by a long-standing disinclination of the military to accept the loss of the territory as permanent. The area in question contains substantial copper and nitrate deposits.

Bolivian President Banzer, despite his public commitment to gaining access to the sea, is backing off from earlier optimistic statements and is predicting arduous discussions that could last through this decade. Banzer claims to have a personal commitment from Pinochet to act unilaterally, whether or not Peru agrees, by 1979—the 100th anniversary of Bolivia's loss of its coastline.

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### CANADA

Ottawa has given a Canadian petroleum company final approval to drill two offshore oil wells in the Beaufort Sea this summer, provided certain environmental precautions are taken.

The cabinet decision, pending since 1973, was made despite the opposition of environmentalists who claim that the project entailed unacceptable risks to the adjacent ocean and land areas of both Canada and the US.

Criticism of the project increased in early February, following publication of an environmental study. The study concluded that, even though there was little risk of a blowout and a resulting oil spill, such an eventuality could not be dismissed. An oil spill under conditions existing in the drilling area might require several years to control and would cause enormous ecological damage. In the face of mounting environmental concern, the cabinet deferred a decision on the project and agreed to consult with the US.

Ottawa hopes that the drilling guidelines that it has laid down will minimize the risk of a blowout. Drilling must be terminated five weeks before the end of the drilling season, at which time the possibility of further activity will be reviewed. This five-week margin will help ensure that any spill that does occur can be brought under control before the onset of winter ice conditions, which would prevent capping the blowout until the following summer.

The cabinet's approval of drilling in the Beaufort Sea is a gamble. The decision could undermine Canada's efforts at the Law of the Sea Conference to obtain special rights to control pollution by ships in Arctic waters. In addition, a major spill could set back future Arctic offshore energy development in both Canada and the US.

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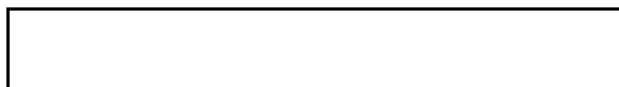
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